VALSTYBĖS KONTROLĖ
PUBLIC AUDIT

To the Ministry of National Defence of the Republic of Lithuania

PUBLIC AUDITOR'S REPORT

ON THE 2025 SET OF ACCOUNTS OF THE STATE DEFENCE FUND

13 May 2026 No. FAE-1

Vilnius

QUALIFIED OPINION ON THE FINANCIAL STATEMENTS

We have audited the 2025 set of financial statements of the State Defence Fund, which comprises the statement of financial position, statement of the results of operations, the cash flow statement and the notes to the financial statements.

In our opinion, except for the effects of the matters described in the section of our report entitled „Basis for Qualified Opinion on the Financial Statements“, the 2025 set of financial statements of the State Defence Fund presents a true and fair view of the financial position as at 31 December 2025, the results of operations and the cash flows for the year ended 31 December 2025 in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania.

BASIS FOR THE QUALIFIED OPINION ON THE FINANCIAL STATEMENTS

We have identified material misstatements in the financial position, cash flow statement and the note to the financial statements (detailed information is provided in Section 1 of the audit report):

1) The Fund did not carry out any financial activities, yet in the cash flow statement, item C.III. "Other cash flows from financial activities" indicated (–296,466.72 thousand euros). The Fund transferred EUR 316,068.12 thousand to public sector entities, but section A.II.5 of the cash flow statement, "Funds transferred to public sector entities", showed only EUR 4,200 thousand. Recipients returned EUR 18,598.32 thousand to the Fund, but the Fund's statement, under item A.I.6 "Other receipts", showed only EUR 3,196.91 thousand.

2) In December 2025, the state budget received EUR 16,692.40 thousand in revenue, which, in accordance with legislation, must be transferred to the State Defence Fund. Although these funds will actually be transferred to the Fund in 2026, they are attributable to the 2025 reporting period, and the Fund should have recognised these amounts as receivables. This amount was not recorded in the Fund's accounts. Consequently, the amounts in items C.III "Receivables due within one year" and D.I "Funding from the state budget" of the Fund's financial position statement should be reduced by EUR 16,692.4 thousand.

We believe that the audit evidence we have obtained is sufficient and appropriate to support a qualified opinion on the set of financial statements.

QUALIFIED OPINION ON THE SET OF BUDGET IMPLEMENTATION REPORTS

We have audited the 2025 set of budget implementation reports of the State Defence Fund, comprising the report on the implementation of the budget estimate and the notes to the report.

In our opinion, except for the effects of the matters described in the section of our report entitled "Basis for the qualified opinion on the set of budget implementation reports", the 2025 set of budget implementation reports for the State Defence Fund has, in all material respects, been prepared and presented in accordance with the legal acts of the Republic of Lithuania governing the preparation of this set of reports.

BASIS FOR THE QUALIFIED OPINION ON THE SET OF BUDGET IMPLEMENTATION REPORTS

The report on the implementation of the State Defence Fund budget as at 31 December 2025 states that, for the objective "To establish and develop the civil and military infrastructure required for the operations of the German-led North Atlantic Treaty Organisation (NATO) brigade" EUR 13 660,21 thousand were used, whilst for the objective "To finance projects for the adaptation and/or creation of military mobility and dual-use (civilian and military) transport infrastructure, as well as military infrastructure necessary to ensure host nation support" – EUR 81,264.62 thousand. We cannot confirm that EUR 13,660.21 thousand has been correctly allocated to the first objective and that part of the funds for the second objective (EUR 13,437.11 thousand of the EUR 81,264.62 thousand) has been correctly attributed to the second objective, as the activities to achieve these objectives overlap and it is not possible to objectively distinguish which part of the expenditure relates to each objective.

We believe that the audit evidence we have gathered is sufficient and appropriate to support a qualified opinion on the set of budget implementation reports.

MANAGEMENT'S RESPONSIBILITY FOR THE SET OF FINANCIAL STATEMENTS

The Minister of National Defence is responsible for the preparation and fair presentation of the State Defence Fund's set of financial statements in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania, and for the preparation and fair presentation of the set of budget implementation reports in accordance with the legal acts of the Republic of Lithuania governing the preparation of these sets of accounts, and for such internal control as management deems necessary to ensure that the financial and budget implementation accounts are prepared free from material misstatement, whether due to fraud or error.

THE AUDITOR'S RESPONSIBILITY FOR THE AUDIT

We conducted the audit in accordance with the International Standards of Supreme Audit Institutions, which incorporate International Standards on Auditing. We are independent of the audited entity in accordance with the Law on the National Audit

Office and the Code of Ethics for National Audit Office Employees, and we have complied with the other ethical requirements set out in this Code.

Our objective is to obtain reasonable assurance as to whether the 2025 financial statements and budget implementation reports of the State Defence Fund, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report setting out our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee, that an audit conducted in accordance with International Standards on Auditing and International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate. Misstatements, which may arise from fraud or error, are considered material if it can reasonably be expected that, individually or in the aggregate, they could have a significant influence on the economic decisions of users taken on the basis of the financial statements and budget implementation reports.

A more detailed description of the auditor's responsibilities is available on the National Audit Office's website https://www.valstybeskontrole.lt/EN/PublicAudit. This description forms an integral part of the auditor's report.

We present the public auditor's report together with the public audit report and attach the audited sets of financial statements and budget implementation reports of the State Defence Fund.

Auditor General Irena Segalovičienė